

**FIFTH ANNUAL REPORT TO THE GENERAL
ASSEMBLY ON VERMONT'S WELFARE
RESTRUCTURING PROJECT**

Submitted by

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On behalf of

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- For additional information about Vermont's Welfare Restructuring Project (WRP), see the Department of Social Welfare's website at: <http://www.dsw.state.vt.us>
- For additional information about the Office of Child Support (OCS), call 1-802-241-2319.

HIGHLIGHTS OF 1998

- Number of Vermonters receiving welfare is at a 25-year historic low; an even more dramatic milestone when looked at in the context of the increased population of Vermont over the same period.
- First major WRP evaluation report issued — more ANFC parents are working to increase their family's financial resources; the work-trigger time limit is significant in generating employment gains; implementation is smooth; and changes in staff attitudes and activities improve client service.
- Parents can meet the transportation challenge through vehicle acquisition and repair via the new Transportation Loan Fund project, which received seed funding from DSW.
- Parents and children suffering from the effects of domestic violence will participate in family development plan activities that acknowledge safety and confidentiality issues and help them move toward self-sufficiency. In some instances parents will be temporarily exempt from work requirements.
- Children will be safer in child care as a result of new rules to screen formerly unregulated child care providers and ensure minimum health and safety standards are met.
- Parents will benefit from regional coordinated work-based learning opportunities as a result of statewide implementation of the Getting Ready to Work Program. Teens will have special targeted education opportunities through the statewide Teen Parent Education Initiative at Parent-Child Centers.
- The Clean Team is hard at work in the Waterbury State Office Complex - ANFC parents receive training and work experience through the Waterbury Janitorial Training Project run by the Work Experience, Education, and Employment for Vermonters program (WEEVE).
- Employers and ANFC parents benefit from the Work Exploration Program partially funded by a Community Development Block Grant. Parents gain work experience and the possibility of permanent employment with related training and employers receive incentives and support to help welfare parents maintain their employment and improve their skills.
- Pregnant and parenting teens in SRS custody will receive intensive Reach Up case management services from Parent-Child Centers around the state.

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INTRODUCTION

Federal Welfare Reform

On August 22, 1996, President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, known as the federal welfare reform bill or PRWORA. This sweeping legislation created the Temporary Assistance for Needy Families (TANF) program to replace the Aid to Families with Dependent Children (AFDC) and JOBS programs (which continue to be known as ANFC and Reach Up, respectively, in Vermont). In addition, TANF is funded through a block grant in contrast to the open-ended federal financial participation system of the past. TANF-funded assistance to families is limited to 60 months in a lifetime unless the family is exempt under the hardship exception that applies to up to 20 percent of the caseload. This provision does not preclude use of state funds to assist families that are not eligible for TANF assistance.

PRWORA gives states the opportunity to continue operation of welfare reform demonstration projects that were approved before TANF became law and to identify inconsistencies between the state program and TANF. Vermont is working with the Department of Health and Human Services (HHS) to continue the state's Welfare Restructuring Project (WRP) as described below, through its planned completion on June 30, 2001, while striving to maximize federal funding, minimize fiscal penalties for noncompliance under TANF, and integrate WRP under the TANF umbrella.

A copy of the TANF state plan is available through the Department of Social Welfare (DSW) Internet website or upon request.

Child Support Legislation:

As a result of federal welfare reform, the Vermont Legislature made sweeping changes to Vermont's Child Support laws. These changes, which seek to strengthen and expedite child support enforcement efforts, complement the welfare-to-work effort since reliable receipt of child support in combination with earnings, can provide a level of family income that enables families to leave the welfare rolls.

The Office of Child Support (OCS) is currently working with many entities, including private businesses, other state agencies, and the courts, to implement this extensive legislation which includes: administrative processes related to liens, bank matches, attachment of accounts, wage withholding, and subpoenas, as well as genetic testing orders, matches with public utilities, changes in automated systems, new hire reporting, suspension of recreational and professional licenses, work search activities for noncustodial parents, and implementation of the Uniform Interstate Family Support Act (UIFSA). As these processes are fully implemented, the increase in parentage establishment rates and collection rates for both public assistance and non-public assistance households will be a direct benefit to Vermont families.

OCS worked with the Agency of Human Services to obtain a federal grant that will assist noncustodial parents primarily in the areas of access and visitation. The project involves assembling a coalition of centers that provide visitation services to families. A toll-free number has

been established that provides information about services statewide. OCS is also involved in a grant to improve modification of child support orders and determination of the amount of child support to be paid.

Vermont's Welfare Restructuring Project (WRP)

Vermont was one of the first states to implement a time-limited welfare program. Vermont's Welfare Restructuring Project (WRP) began on July 1, 1994. As a means to achieving several important goals, in particular the markedly and measurably improved well-being of children and families, WRP seeks to:

- Make dependence on ANFC benefits transitional by applying time limits leading to work requirements to single-parent families, by strengthening the work requirement for breadwinners in two-parent families, by providing subsidized employment when unsubsidized options are not available, and by sanctioning noncomplying parents.
- Increase incentives to work by providing a higher "earnings disregard", eliminating the "100-hour rule" making transitional Medicaid coverage longer, excluding the value of one vehicle, and allowing welfare families to save earnings.
- Promote good parenting and positive role-modeling through requiring pregnant and parenting minors to live with parents or in an approved adult-supervised living arrangement, paying child support directly to the parent, increasing effectiveness of collection efforts, and providing cash bonuses for completion of parenting educational programs or volunteer work that builds parenting skills.
- Form a partnership between ANFC parents and the state through case management support, job development opportunities, and education and training that support self-sufficiency.
- Serve families according to three sets of rules. Group 1, representing 20 percent of the caseload, qualifies for pre-reform benefits and services, which were not subject to time limits or the requirement to accept subsidized employment. Group 2, representing 20 percent of the caseload, is subject to all welfare reform work incentives and other enhancements, but not time limits or the requirement to accept subsidized employment. Group 3, representing 60 percent of the caseload, is subject to all provisions of welfare reform, including time limits and the requirement to accept subsidized employment. Beginning July 1, 1997, Group 3 rules for determination of eligibility and amount of benefits apply to all applicant families that have not previously been assigned to a WRP group; families previously assigned retain the original group assignment.

State Legislation and Policy Making:

Act 66, the FY1998 Appropriations Adjustment Act, repealed Act 61 legislation that mandated a 10 percent reduction in ANFC benefits, effective July 1, 1998, for newcomer Vermont families.

Act 147, the FY1999 Appropriations Act, included adoption of the Family Violence Option of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and the requirement that the department file proposed ANFC rules related to this issue by May 1, 1998. (See Section 1 of this report for additional information.)

Effective July 1, 1998, DSW implemented several policy changes as a mid-stream fine-tuning to WRP to improve outcomes for families. These policies reinforce the vision of WRP: protection of children; maximum feasible self-determination; focus on paid work; and assistance for working families, even on a long-term basis. The major changes were:

- Creating, in concert with SRS, a new category of child care called Legally Exempt Child Care (LECC), replacing the former unregulated child care funded by DSW. Providers must meet minimum health and safety standards and are subject to child abuse and criminal felony screening, as are members of the provider's household if the child care is in the provider's home.
- Changing the required hours of unsubsidized work to at least 15 and not more than 25 hours per week for parents with a half-time work requirement and to at least 30 and not more than 45 hours per week for parents with a full-time work requirement.
- Removing the work requirement waiver for parents with a subsidized work obligation of 5 hours a week or less.
- Developing new categories of paid and unpaid work activities including Try-Out, Paid Employment and Work Exploration.
- Requiring parents using self-employment to meet work requirements to have an approved business plan by the end of their time limit.
- Implementing a post ETL schedule of work hours to meet a work requirement through from self-employment. This schedule allows parents up to 24 months to achieve the full work requirement from self-employment.
- Restricting the number of Reach Up conciliations prior to implementation of the sanction process to two in a 36-month period and clarifying the conciliation process and timeframes.
- Creating incentive payments to encourage and support teen parents without a high school diploma or GED to complete their high school education.

Federal Intervention:

In April, the Department of Agriculture notified DSW that its welfare reform food stamp waivers would be terminated effective July 1, 1998, because they were no longer needed or did not meet cost neutrality requirements. The department is working with federal staff to preserve these waivers. Pending a final decision, Vermont food stamp recipients continue to receive benefits under these waiver policies that allow exemption of the value of one vehicle, disregard of assets

from earnings and \$50 of child support, and incentive payments. These waivers are a critical component of WRP, as a support to promote work and to bridge a family's transition from welfare to self-sufficiency.

Evaluation of WRP:

Manpower Demonstration Research Corporation (MDRC), a nonprofit charitable organization and a national expert in the welfare-to-work arena, is the contractor responsible for carrying out the independent evaluation of Vermont's WRP. See Section 10 for information about MDRC reports.

The Agency of Human Services' (AHS) annual report *The Social Well-Being of Vermonters* includes an evaluation of indicators that serve as an additional measure of WRP's impact on families. The Agency is committed to a number of clear and fundamental outcomes for children and families and has made great strides toward achieving the following outcomes:

- Children live in stable, supported families
- Families live in safe and supportive communities
- Infants and children thrive
- Children are ready for, and succeed in, school
- Youth choose healthy behaviors and successfully transition to adulthood

This Report

This report is submitted pursuant to Act 106 (1994, Adjourned Session 1993), Section 14, EVALUATION AND REPORTING, subsection (b). It focuses on the development, implementation, and effectiveness of the services required to support the welfare restructuring authorized by Act 106.

The first annual report, submitted January 31, 1995, included substantial detailed background information about the development of Vermont's Welfare Restructuring Project (WRP). This historical information is not repeated in subsequent reports. Copies of prior years' reports are available upon request or through DSW's website.

The sections below correspond to the numerical paragraphs under subsection (b) of Section 14 of Act 106.

SECTION 1**METHODS EMPLOYED TO INVOLVE PARTICIPATING FAMILIES, LOCAL ORGANIZATIONS AND OTHER GOVERNMENT AGENCIES IN RESTRUCTURING****THE EFFECTIVENESS OF USING LOCAL ORGANIZATIONS TO DEVELOP SUBSIDIZED AND UNSUBSIDIZED JOB PLACEMENTS**

Welfare Reform Advisory Group

The primary means of involving families, local organizations, and other government agencies in welfare reform activities continues to be the Welfare Reform Advisory Group (WRAG). The membership of this group is consistent with Act 106, Section 4, subsection (c), to "ensure that representatives of families receiving ANFC, representatives of community agencies, and representatives of department of social welfare staff play an active role in the planning, implementation and evaluation of welfare restructuring".

Welfare Reform Advisory Group Activities Summary:

The WRAG met six times during the report year. Major topics included:

- ANFC policy changes detailed in the Introduction section of this report. A special WRAG meeting was held in April to give WRAG members and interested others the opportunity to discuss and provide input on these proposals.
- 1998 legislative changes
- WRAG members' perspective on WRP implementation
- Use of TANF funds; TANF inconsistencies document related to continuation of WRP
- Alert about unemployed parent caseload (UP) work participation rates and probable policy proposals
- Domestic violence - Family Violence Option state legislation and proposed policy (see additional information below)
- WRP food stamp waivers
- MDRC interim evaluation report
- Federal child care proposals
- Initiatives involving local organizations and government agencies (see additional information below)
- Department of Employment and Training (DET) Welfare-to-Work (WtW) federal grant and DSW's Rural WtW grant (see additional information below and in Section 9)

Domestic Violence Advisory Group (DVAG) and Implementation Team (ITeam)

The Department of Social Welfare formed the Domestic Violence Advisory Group in March 1997, to make recommendations to DSW related to the provisions in the Wellstone/Murray Family Violence Option (FVO) amendment to the federal welfare reform legislation of 1996. States have the option of establishing standards and procedures for a three-pronged approach to address domestic violence issues in families that receive welfare benefits:

- screen for and identify individuals with a history of domestic violence
- refer these individuals to counseling and supportive services
- waive program requirements for identified individuals where compliance with these requirements would penalize them unfairly or place them at risk for future violence

The state's adoption of the FVO raises the sensitivity of staff to this important issue and enhances the environment to encourage families to seek safety and supportive services. Staff will work with

parents to develop a family development plan that meets their special needs while addressing the violence in the home and moving the family toward self-sufficiency.

The membership of these groups include representatives from public and private organizations involved with domestic violence issues, as well as consumers.

Domestic Violence Advisory Group and Implementation Team Activities Summary:

The advisory group achieved its mission with submission to the department on March 6, 1998, of its recommendations for adoption and implementation of the FVO. Soon after, the legislature, in Act 147, adopted the FVO and required DSW to file proposed ANFC rules by May 1, 1998. These rules were developed with input from DVAG and WRAG members and other interested individuals and were filed on time. The rules become effective April 1, 1999.

The DVAG was disbanded and the department formed an Implementation Team (ITeam) whose membership includes individuals from the DVAG, representatives from other community organizations including local domestic violence advocacy groups, and DSW staff. This group was charged with the task of operationalizing the DVAG's recommendations, state legislation, and policy into training, procedures, forms and other material for DSW staff and contracted Reach Up case managers.

As of the date of this report, the ITeam has finalized the training design and coordinated a series of two-day trainings around the state, set up DSW domestic violence teams in each of the twelve district offices that will collaborate with local domestic violence organizations, and drafted some procedures and forms and other material. The Vermont Network Against Domestic Violence and Sexual Assault proposed the training design and is lead trainer, joined by local DV advocates and DSW staff. To date, approximately 200 staff have attended the informative and compelling two-day training - a key component in improving client service and serving families that receive ANFC in a sensitive and caring way.

Community Service Employment (CSE) Advisory Group

The department established the Community Service Employment (CSE) Advisory Group to carry out the Act 106 mandate that the department work cooperatively with public and private, local and regional entities to develop subsidized jobs with public and nonprofit employers. The CSE Advisory Group did not meet during the period covered by this report at the recommendation of the membership. The rationale for this decision was:

- The demand for, and utilization of CSE continues at very low levels (see Section 8 of this report).
- The program design is stable.
- Any CSE program issues or changes could be brought to the Welfare Reform Advisory Group and effectively dealt with there.

Involvement of Local Organizations and Other Government Agencies in Restructuring

- **End of Time Limit (ETL) Activities:**

The Department of Social Welfare continued its strong partnership with the Department of Employment and Training (DET) directed, in particular, toward making one of the key components of restructuring, the required ETL activities, work effectively. ETL Job Search and development of Community Service Employment (CSE) placements are good examples of the type of collaboration that makes WRP successful. DET, with its strengths in the areas of job development and job placement, is responsible for providing all Group 3 parents with ETL Job Search. If the parent is not successful in finding unsubsidized employment through Job Search, DET develops a CSE placement for the parent (see Section 8). DSW provides DET with funding to support these services. DSW, strong in the area of intensive case management, follows up on these placements and works closely with all parents that have serious barriers to employment.

- **Welfare-to-Work (WtW) Grants:**

In 1997 the Department of Labor (DOL) was authorized to provide Welfare-to-Work (WtW) grants to state and local communities to create additional job opportunities for the hardest-to-serve TANF recipients. In Vermont, DET is the lead agency for the statewide WtW formula grant. During this report year, DOL approved Vermont's WtW formula grant plan and DET initiated the implementation process. The WtW plan builds on the existing DSW/DET collaborative job placement system for ANFC parents as they reach the end of their time limit (ETL). It calls for DET to provide additional employment and support services to ANFC parents who are not successful in finding or keeping employment by the time they reach ETL, as well as for the first time offering employment support services specifically to the noncustodial parent of ANFC recipients. DSW will be an active partner in the WtW grant, working together with each participant to make efficient and non-duplicative use of resources to support success in employment.

In addition to the WtW state formula grant, Vermont was successful in getting two WtW discretionary grants. These were awarded to the Northern Community Investment Corporation for the development of a call center employing ANFC recipients in the Newport area and to the Central Vermont Community Action Council for welfare-to-work services in its 56-town central Vermont catchment region. DSW, on both the state and district level, is working closely with DET and both WtW discretionary grantee organizations to plan the most effective and efficient use of these grants in relation to DSW resources and WtW formula grant funds.

- **Interagency Employment Group:**

DSW also collaborated with several other state and nonprofit organizations, on an intermittent basis, to work on employment, education and training issues affecting welfare recipients and other constituencies with special needs. The Interagency Employment Group, which consists of representatives from DSW, Vocational Rehabilitation (VR), DET, Corrections, Developmental and Mental Health Services, and Vermont Associates, investigated opportunities for increasing employment among their constituencies. Each of these groups, except for DET which is charged with providing employment services to all Vermonters, is concerned with the education, training, and employment of a particular special population, each of which is potentially at a disadvantage in the unsubsidized job market due to specific barriers to employment. The group was less active this year, but continued exploration of the Workforce Investment Boards' (WIB) orientation to the

needs of disadvantaged populations and information/involvement with the federal Welfare-to-Work grant.

- **Getting Ready to Work Program:**

DSW worked closely with the Department of Education and DET, through an RFP process, to solicit proposals and jointly fund Getting Ready to Work projects in all twelve Adult Education Council (AEC)/Workforce Investment Board (WIB) regions of the state. This program will fill service gaps and create more efficient regional systems of learning opportunities with an emphasis on work-based learning to help ANFC parents prepare for employment prior to reaching ETL. The State Adult Education Board provided additional sponsorship of the program and the regional AECs are the focus for collaborative regional planning and proposal generation. Sign-off on the final proposals by the WIB and the AEC was required.

- **Teen Parent Education Initiative:**

In follow-up to last year's RFP, this year DSW provided funding for Teen Parent Education Programs (TPEP) to each of its Parent-Child Center partners. This program focuses on assisting minor and teen ANFC parents who have not completed their secondary education. TPEP places lead responsibility with the Parent-Child Centers to coordinate education providers, and the Adult Education Council and the Community Partnerships on the local level to develop and implement a plan for enhanced educational opportunities that will result in achievement of a high school diploma or its equivalent. DSW funds the resulting planned educational activities.

Complementing this activity is DSW's teen parent education incentive program that provides cash rewards for the achievement of milestones specified in the teen's educational plan.

- **Alcohol and Drug Abuse Referral Services:**

DSW and DET, working with the Department of Health, Office of Alcohol and Drug Abuse Programs (DH/ADAP), developed written referral agreements with many of the state's certified alcohol and other drug abuse treatment providers. These agreements will facilitate the referral of welfare parents and DET clients in need of substance abuse assessment and treatment. In addition to the referral agreements, screening materials have been developed and training for DSW and DET staff in substance abuse identification and screening, intervention, and referral techniques has been completed. DSW will implement the voluntary screening and referral process for all Reach Up participants early in 1999.

- **Work Exploration Program:**

DSW and DET, working closely with the Agency of Commerce and Community Development (ACCD), the Small Business Development Center (SBDC), the Green Mountain Economic Development Corporation, and the lead town of Hartford, have successfully applied for a Community Development Block Grant (CDBG) to fund a program that will provide incentives and support to employers to hire and retain welfare parents in good jobs and to welfare parents to maintain their employment and improve their skills.

The program will place ANFC parents in jobs with cooperating employers for up to a six months through a temporary employment agency, with the employer providing the funding for the wage. The grant covers the remaining associated costs. If the employer, during or at the end of the six

months, hires the parent as a permanent employee, the employer is eligible for up to \$2000, funded through the CDBG grant, in reimbursement for training provided to the new permanent employee. The SBDC is the lead agency in this effort, coordinating the overall project and serving as liaison with participating employers. The catchment area for the project includes the Northeast Kingdom counties, along with Washington, Orange and Windsor counties.

- **Vocational Rehabilitation Referral Services:**

DSW has completed a state-level cooperative agreement with the Division of Vocational Rehabilitation (VR). On the district level, this initiative promotes a more thorough and effective screening and voluntary referral process from DSW to VR for ANFC parents at their initial eligibility interview and subsequent reviews and, more intensively, with Reach Up participants.

- **Health and Safety Standards for Child Care:**

DSW and SRS restructured the provision of "unregulated" child care so that, in accordance with the requirements of PRWORA, all subsidized child care will meet minimum health and safety standards, including the screening of providers through the child abuse registry and criminal felony records. The new category of subsidized child care is called Legally Exempt Child Care (LECC). It was implemented July 1, 1998.

- **Partnership with Community Action Agencies:**

DSW continued its involvement with the Community Action Programs (CAPs), especially the Central Vermont Community Action Council (CVCAC), to support self-employment training programs for welfare parents. DSW is also working in partnership with CVCAC in the Tangible Assets Project, a pilot Individual Development Account (IDA) program to assist low-income families achieve self-sufficiency by building cash savings and assets. This program has real results - a central Vermont family that saved through the Tangible Assets Project was recently approved to purchase its first home.

A new effort involving all state CAPs is the Transportation Loan Fund project. A pilot that began in Addison County with the Addison County Community Action Group and a \$10,000 loan capitalization grant is expanding to the remaining five CAPs through a \$250,000 loan capitalization grant. This project provides ANFC parents access to loans for car purchase or repair necessary to obtain or retain employment. The CAPs provide loan origination services and refer applicants to the Vermont Development Credit Union (VDCU), an organization established specifically to serve low-income Vermonters. VDCU houses the loan fund and processes the loans. VDCU also provides ANFC applicants that are denied a loan assistance to become credit worthy.

- **Job Clubs:**

DSW continued to conduct Job Clubs for ANFC parents and others throughout the year to prepare them for successful job market entry and to support them during job search. Job Clubs are offered by each DSW district office and most often involve a collaborative effort including several state and local organizations such as DET; Vocational Rehabilitation; Vermont Association of Business, Industry and Rehabilitation; Technical Education Centers; Parent-Child Centers; and Community Action Agencies.

Job Clubs are often instrumental in helping ANFC parents secure employment. For example, a single ANFC parent who had some past experience in retail work, but could find only part-time temporary work enrolled in the DSW Job Club in her area and focused on improving her interviewing and presentation skills. She was interested in work in a particular public sector area and was supported to apply by her Job Club facilitators. Key to getting this job was her interview. She went, did well, and was hired. Afterward she told the Job Club staff that she felt she owed her success to the assistance she had gotten in Job Club. She plans to come to future Job Clubs to share her success story with participants.

- **Reach Up for SRS Minor Parents:**

DSW completed a state-level cooperative agreement with SRS to serve pregnant and parenting teens in SRS custody in the Reach Up program. This will provide these teens with significant additional attention and resources and guide them in positive ways to improve their own and their children's lives. These teens will become Reach Up participants case managed by the Parent-Child Centers (PCC), the current case managers for all minor and teen ANFC parents. The PCCs and SRS will develop local-level referral processes for this effort. DSW is also working with SRS to develop a cooperative agreement that will, on an as needed/as available basis, provide Reach Up minor parents with access to foster care homes for themselves and their children, without becoming wards of the state.

Rural Welfare-to-Work Grant

The Department of Health and Human Services' (HHS) Administration for Families and Children (ACF) awarded DSW a \$50,000 grant from the Rural Welfare-to-Work Strategies project. These funds will be used over a 17-month period to sustain and enhance Vermont's current promising new work initiatives and to begin a new rural welfare-to-work planning, research, and coordination effort of many of the efforts discussed above.

The grant funds will support greater coordination during the start-up and early implementation phases of these initiatives. Anticipated project activities include: participating in a national planning process for this project; collecting and applying relevant national information and analysis; helping to coordinate and improve Vermont rural welfare-to-work initiatives; compiling and analyzing information on individual initiatives' activities, effectiveness, outcomes and impacts; implementing future improvements to existing initiatives; and designing new initiatives.

Human Resources Investment Council (HRIC), Workforce Investment Boards (WIBs) and Adult Education Councils (AECs), Community Partnerships, State Team for Children and Families

DSW Commissioner Jane Kitchel continued to serve as AHS Secretary Cornelius Hogan's designated representative to the Human Resources Investment Council (HRIC). Welfare-to-Work Programs Director Steven Gold continues to attend all meetings, monitoring discussions and providing staff support to HRIC on WRP issues. Welfare reform remains one of the focal areas for the HRIC, the regional Workforce Investment Boards (WIBs), and the Adult Education Councils (AECs) developed by the Department of Education and closely associated with the WIBs. Welfare reform is also an element in the statewide School-To-Work initiative that is overseen by the HRIC.

The HRIC report, including its annual updates, also serves as the annual plan called for in Section 7(b) of Act 106.

The new federal Workforce Investment Act (WIA) produced a major change of focus for DET and the HRIC. This federal law alters the landscape of work and training programs dramatically, consolidating many pre-existing programs and calling for a much stronger work-first approach than was evident in previous programs such as the Jobs and Training Partnership Act (JTPA). The WIA also establishes a single oversight group, primarily comprised of businesses and employers, that has significant authority over the programs funded through the WIA. In Vermont, the HRIC will serve as the WIA council.

Welfare reform remained an area of importance to the HRIC during the past year. Commissioner Kitchel continued to update the Council on federal welfare reform's impact on Vermont's WRP, enlist support, and point out the increased importance of assisting ANFC families in moving from welfare to employment. HRIC's commitment was evident in the letter to Senator Leahy expressing concern about the termination of Vermont's food stamp waivers and endorsement of efforts to get this decision rescinded. The Council also urged the senator to support the Wellstone proposal to increase the amount of time vocational and postsecondary education activities count toward work requirements.

DSW district directors have been active participants in their districts' WIBs, bringing the issues of welfare reform to each WIB's agenda within the context of regional workforce education and training system development. The Northeast Kingdom WIB was provided a high level of assistance in the successful pursuit of a federal Department of Labor Welfare-to-Work discretionary grant. The WIBs in Franklin and Chittenden counties initiated training programs in which ANFC parents have been participants. The WIBs also played an active role in supporting and reviewing regional proposals for Getting Ready to Work projects.

DSW district Reach Up staff are also active members of the Adult Education Councils (AEC) that are associated with each WIB. AECs are charged with assessing the adult education resources in the WIB region and developing a plan to address the gaps in those resources and to better coordinate, systematize and, eventually, fund them. AECs, as noted elsewhere in this report, played a strong role in two key welfare-to-work initiatives - the Getting Ready to Work and the Teen Parent Education Program regional collaborations.

Another state and local collaboration project encompassing welfare reform efforts is the State Team for Children and Families and its regional Community Partnerships. These groups focus on the 10 Key Outcomes defined by the Agency of Human Services. The goals related to welfare reform are: to assist families in obtaining the opportunities and skills necessary to self-sufficiency; to encourage economic independence by removing barriers and disincentives to work; to support parental nurturing; to support parental responsibility, both custodial and non-custodial; to encourage and assist individuals and families to contribute materially to their own self-sufficiency; and to recognize that families have differing personal characteristics and experiences by providing services that address their individual needs. DSW staff at both the state and district levels are active participants in the State Team and the Community Partnerships. Through that participation they ensure that welfare reform issues are a key element of the work of these groups. DSW also

required that the Community Partnerships review proposals for its Teen Parent Education Program, thus promoting an interdependent process.

SECTION 2: A DESCRIPTION OF THE DEVELOPMENT, IMPLEMENTATION AND SUBSEQUENT EVALUATION OF AGENCY STAFF TRAINING

The department developed and carried out the following training sessions during the report period that are directly related to Vermont's Welfare Restructuring Project. To ensure statewide accessibility, these trainings were held in centralized locations or specific regions. Training is a key component to the success of WRP. It enhances staff's understanding of WRP policies and procedures and the vision and culture of welfare reform and its focus on work and self-sufficiency. In turn, families who receive benefits from the department receive clear messages and information and an understanding of the department's and their role in welfare reform. This leads to DSW serving Vermonters better and parents and individuals getting the tools they need to make a better life for themselves and their families.

DATE	TRAINING
January, July, October 1998	Reach Up Basic Training: policies, procedures, practices and job development training. Three 5-day sessions
January, July, October 1998	Reach Up Orientation: orientation to state government, the ANFC eligibility process, and WRP. Three 1-day sessions.
February, October 1998	Community Service Employment/End-of-Time Limits (CSE/ETL) Training: how to work with parents at the end of WRP time limits. Two 2-day sessions.
January, March, April, May, December 1998	Case Management Training: how to provide case management services to ANFC- recipient families. Five 6-day sessions.
April 1998	Basic Interviewing Training: how to listen to and communicate with clients. One 3-day session.
November 1998	Advanced Interviewing Training: how to facilitate in-depth interviews with clients. One 3-day session.
May 1998 - November 1998	Professional Development Series: values, ethics, conflict resolution, welfare history, community involvement. Two sets of 6 workshops.
April 1998 - July 1998	Substance Abuse Training: major issues, best practices, referral to community resources. Six 2-day sessions.
June, August, September, October, November, December 1998	Foundation II: introduction to DSW, AHS, community action organizations, philosophy of DSW, basics of determining ANFC eligibility. Six 3-day sessions.
November, December 1998, January 1999	Domestic Violence Training: sensitivity and knowledge about the dynamics of domestic violence and its impact on children and families. Collaboratively designed by DSW staff and the Vermont Network Against Domestic Violence and Sexual Assault. Six 2-day sessions (six additional sessions scheduled in 1999).

DSW Conference - "Investing in Successful Tomorrows"

Over 500 individuals, including DSW staff, Reach Up contracted case managers, and representatives from some community and private organizations that work closely with DSW, attended one of the two two-day sessions held at Vermont Technical College on June 16-17 and June 18-19, 1998.

Sally Wade, Director of Family-Centered Projects at the Florida Diagnostic and Learning Resources System, University of South Florida, provided the keynote presentation. Through her facilitation of True Colors, an interactive process to enhance communication skills, staff had the opportunity to reflect on individual unique strengths and preferences, and how they can enhance their work with each other and the families and individuals that DSW serves.

Participants also had the opportunity to select from 31 workshops that included topics such as: challenges for single-parent families, substance abuse, domestic violence, what employers are looking for, dealing with emotionally-charged clients, teamwork, and "financial literacy for ourselves and our clients".

Looking to the Future

In addition to the continuation of WRP trainings listed in the preceding chart, a number of new trainings will be offered during the coming year. They include:

- **Relationship Skills:**

This training will offer knowledge and skills to staff to enhance effective implementation of WRP. The training will provide concrete communication techniques and skills and will encourage staff to commit to collaborative working relationships.

- **Advanced Case Management Training:**

This training will begin where basic case management training left off. This is an advanced training curriculum for case managers and supervisors. The design includes training addressing staff issues in working with challenging clients; and individual modules on negotiation, assessment, dealing with mandatory participants, family systems theory, substance abuse, domestic violence mediation, and mental health issues.

- **Case Management for Supervisors:**

This training will focus on how to support staff as they move from a technical, task-focused culture to a planned, individualized casework focus. A prerequisite is attendance at the 6-day basic case management series training.

- **Training of Trainers for Supervisors:**

This training will provide training techniques and team-building skills for supervisors.

Evaluation of Training

The department enhanced planning and accountability of training through the reorganization of the Human Resource Development (HRD) unit. The department hired an HRD Chief to oversee these functions and to develop a data system to track training and related activities throughout the department.

Considerable effort was spent on the development of a team of regional trainers to deliver quality program trainings in a more timely manner than the previous centralized system was able to provide. This in turn resulted in increased time for HRD to develop new/specialized-centralized trainings such as those listed above.

Evaluation of all training activities is based on written self-report from participants, and is reviewed by all of HRD, with follow-up contacts with trainees that have questions or concerns. Overall, participants rated the training programs very highly. This year regional trainers and HRD participated in "training of trainers" workshops that provided a more focused model for training design and trainer self-evaluation. The department has already seen an increase in the quality of training as a result of these activities.

SECTION 3:

A DESCRIPTION OF DEVELOPMENT, IMPLEMENTATION, AND SUBSEQUENT EVALUATION OF CASE MANAGEMENT SYSTEM AND INDIVIDUALIZED FAMILY DEVELOPMENT PLAN COMPONENTS OF RESTRUCTURING

Reach Up is the primary vehicle for supporting families in their efforts to achieve self-sufficiency. The "market" for these program efforts is all ANFC households. Individualized case management is the heart of the Reach Up program. Each participant works closely with a case manager to assess strengths and barriers, define an employment-directed Family Development Plan (FDP), and continue a dynamic and supportive relationship resulting in a pathway to self-sufficiency. The FDP defines the steps and tasks necessary to achieve the employment goal and addresses the barriers that need to be overcome, both by the participant and other family members, toward that end. The FDP also specifies the support services needed within the context of the FDP's goal, steps, and tasks.

In order to address the broad spectrum of social, educational, and training needs of a very diverse Reach Up caseload, DSW has negotiated contracts for some case management services. The department is committed to integrate Reach Up case management, to the extent possible, in the environment where the participant can access the most appropriate constellation of services based on his or her FDP. Thus, Reach Up participants matriculating in college are served, where there are a sufficient number, by case managers employed at the college. The college integrates these students into the other counseling and support services provided to its students. Minor parent, teen and very early twenties parents are case managed by employees of Vermont's unique Parent-Child Centers. PCCs offer an array of services and programs aimed specifically at young parents. Chief

earners in two-parent families, who are focused more narrowly on going to work, are served by DET, the state's employment service.

A continuing challenge for Reach Up case managers is serving mandatory end of time limit (ETL) participants. Many of these parents are already in Reach Up and have an effective and productive long-term working relationship with their case manager. However, increasingly the caseload comprises parents who by their own choice have not volunteered for Reach Up prior to ETL. Reach Up staff report that many of these parents have significant barriers to employment and lack confidence in their ability to succeed in meeting their work requirement. Waiting until ETL to participate in Reach Up results in limited Reach Up activity options and the need for the parents and Reach Up case managers to assess and prepare for the work requirement in a much shorter timeframe. The shortened timeframe, coupled with the obligation to meet the work requirement while addressing barriers to employment, have made working with this group a very challenging endeavor. All agree that the longer a parent participates in Reach Up and takes advantage of the full range of education and training opportunities, the better the parent is prepared to make a successful transition from welfare to work at or before ETL.

To address the number of parents in this difficult ETL situation, the department initiated a major effort to increase voluntary participation in Reach Up well before ETL. Pilot projects are operating in several districts. The Welfare-to-Work and other initiatives discussed in Section 1 also attempt to address this issue.

The following table shows the case management service providers and participation capacity of each as of November 30, 1998. While the number of Vermonters receiving ANFC has decreased more than 33 percent since June 1994, this is not echoed in the case management capacity where only a modest decline has occurred. Additional details follow the chart.

CASE MANAGEMENT SERVICE PROVIDERS - November 30, 1998	PARTICIPANT CAPACITY
DEPARTMENT OF SOCIAL WELFARE	
Reach Up Social Workers	1,450
Family Services Case Managers	705
TOTAL	2,155
DEPARTMENT OF EMPLOYMENT & TRAINING	
Reach Up Case Managers	1,000
TOTAL	1,000
PARENT-CHILD CENTERS	
Addison County PCC	45
Brattleboro Early Education Service	45
Champlain Islands PCC	30
Family Center of Washington County	45
Franklin County Family Center	45
Lamoille Family Center	45
Lund Family Center	75

Milton Family Community PCC	45
NEKCA, Newport, VT	30
NEKCA, St. Johnsbury, VT 30	
Rutland County PCC	75
Springfield Area PCC	45
Sunrise Family Resource Center	60
The Family Place	45
Orange County Parent Child Center	45
TOTAL	705
POST-SECONDARY EDUCATION	
Champlain College	100
Community College of Vermont	190
Lyndon State College	50
Trinity/Burlington College	50
TOTAL	390
OTHERS PROVIDERS:	
Champlain Vocational Service	50
VT Refugee Resettlement Program	50
TOTAL	100
GRAND TOTAL	4,350

DET's contracted Reach Up case management slots decreased from 1,200 to 1,000 in response to the continuing decline in the ANFC unemployed parent (UP) population, for whom DET provides Reach Up case management. The number exceeds the number of UP cases (720 in October 1998) because in many instances both the UP and the spouse are active participants in Reach Up. Also, when one of the parents in a UP case leaves and the case becomes a single-parent case, casework continuity is preserved by having the DET case manager retain the case management responsibility for the single parent.

The Parent-Child Centers' (PCCs') caseload capacity remained constant. The decrease in the state college caseload, 60 fewer at CCV, is based on the decrease in college enrollment of ANFC parents, in part as a result of the excellent job market and parents' choice to pursue employment rather than education. Most parents who can succeed in college can also find a good job in this environment.

A new case management provider is the Vermont Refugee Resettlement Program. Like other contracted providers, this one was selected because it offers a program of services that is particularly appropriate for and supportive of refugees, a significant group of Reach Up participants.

DET's Work Experience, Education, and Employment for Vermonters Program (WEEEV), which evolved two years ago from the Vermont Career Opportunities Program (VCOP), has continued its success over the past year in its expanded service area of central Vermont, St. Albans and Newport. In addition to its Office Occupations program, it initiated a Maintenance/Commercial Drivers

License program. WEEEV has many success stories, an example of which is the young woman in St. Albans who, as her WEEEV work assignment, was placed with the INS. INS was so impressed with her ability and progress in the WEEEV program that, upon completion of WEEEV, she was hired as a temporary employee, and then as a permanent worker.

At this time, there has been no formal evaluation of case management services. Manpower Demonstration Research Corporation (MDRC) will perform an extensive evaluation and issue its report in 2002. In the interim, MDRC's report published in October 1998 provides an evaluation of DSW's implementation of WRP based on field research and surveys of eligibility staff and Reach Up staff. See Section 10 of the Third Annual Report (January 15, 1997) and Section 6 of the Fourth Annual Report (January 15, 1998) for additional information about these surveys. This snapshot of staff and case management practices during the initial phase of WRP implementation illustrates Reach Up's overall shift to an employment focus, in combination with the traditional social work aspect of the past. MDRC reports that parents in the three WRP groups did not have dramatically difference experiences in their contact with staff.

Also see Section 6 for information about DSW's ongoing Reach Up participant survey as a mechanism to review service delivery by Reach Up case managers.

SECTION 4:

PROGRESS IN ESTABLISHING JOB TRAINING AND EMPLOYMENT PROGRAMS FOR NONCUSTODIAL PARENTS (NCPs)

Changes in federal law resulting from federal welfare reform, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, require all states to have work search programs for noncustodial parents (NCPs) who are not meeting their support obligations.

The Office of Child Support (OCS) and the Department of Employment and Training (DET) implemented a statewide program to meet this mandate. A protocol was developed that allows either OCS or the Family Court to refer NCPs who are not paying child support to DET. DET provides these parents with job search guidance and training to improve their employability. As of September 1998, 174 NCPs participated in this program. Of those, 130 have made at least one child support payment after referral to DET.

OCS and DET established a computer link that allows OCS to monitor the NCP's participation. In cases where the NCP fails either to make payments or participate in the recommended activities, the NCP must explain the reason to the Family Court.

Noncustodial parents are also one of the target groups for the federal Welfare-to-Work grant discussed in Section 1. Once this program is operational, increased support collection from this group is a likely result leading to greater economic security for parents and their children and a move away from welfare dependence.

SECTION 5:
PROGRESS IN DEVELOPING A VARIETY OF SUPERVISED LIVING ALTERNATIVES
DESIGNED TO MEET THE INDIVIDUALIZED NEEDS OF PREGNANT MINORS AND
MINOR PARENTS

During the current report period, the average number of minor parents receiving ANFC benefits that were required to live with their parents or in a supervised setting declined slightly from a monthly average of 100 to an average of 95. The fifteen Vermont Parent-Child Centers continued to provide case management services to these young parents. The statistics for the last four years are shown below. There are no notable changes between 1997 and 1998 other than the reduction in number of minor parent cases over the past year, which is consistent with the overall decrease in the ANFC caseload.

Year	Total Number of Minor Parents	Living with Parent	Living with Child's Other Parent*	Living with Relative	Living with Approved Adult Supervisor/Supervised Residence	Other Approved Living Arrangements	Sanctioned for Non-Cooperation
1998	98	61.2%	17.3%	3.0%	10.2%	7.1%	1.0%
1997	112	64.2%	18.0%	3.5%	2.6%	10.7%	0.08%
1996	112	46.4%	35.7%	5.3%	2.6%	4.4%	0.08%
1995	116	54.0%	26.0%	0.0%	22.0%	4.0%	4.3%

* married, or if unmarried, both parents are 16 years old or older

Developing Supervised Living Alternatives

During this report period, efforts continued to create additional opportunities for supervised living. The Rutland residence has not opened due to delays in the architectural plans. The scheduled opening is late summer 1999. The Lund Family Center's plans for a Burlington group apartment facility for young parents is also stalled because of neighborhood resistance to the larger plan, which encompasses a complex of housing facilities. This plan awaits application approval.

This year, DSW and SRS reached an agreement for services to minor parents. DSW is now serving minor parents in state custody in the Reach Up program. SRS will provide foster care for Reach Up minor parents who are not in SRS custody but who are in need of this kind of supervision. See additional information in Section 1 of this report - Reach Up for SRS Parents.

SECTION 6:
EVALUATION OF THE PROGRAM BY PARTICIPATING FAMILIES

The Manpower Demonstration Research Corporation (MDRC) is primarily responsible for the evaluation of the Welfare Restructuring Project. Their first major report was published in October

1998 and included findings about WRP implementation based on their brief telephone survey and some focus group discussions with clients. The large-scale client survey discussed below will provide much more information on how clients view WRP. Preliminary findings from this survey will be available in 2000. See Section 10 for additional information about MDRC reports.

HHS Evaluation Grant Funding Received

In March 1998, DSW reapplied for continuing grant funding through the Department of Health and Human Services' (HHS) "State Welfare Reform Evaluation" program to support the evaluation of WRP. HHS awarded DSW a second year grant of \$511,874, with potential total funding over a five-year period of \$1.8 million. These funds provide substantial support for MDRC's work on the WRP evaluation. In addition, the grant enables the department to increase the number of individuals participating in the follow-up survey from 1,000 to 2,000, and to obtain an interim summary of the survey from MDRC in the year 2000.

Client Survey

MDRC is currently administering a follow-up survey of clients to measure the impact of various WRP policies. Macro International, a national survey firm in Burlington, is conducting this survey as a subcontractor to MDRC. Families will be asked a variety of questions in each of the following areas:

- Understanding of WRP/ANFC program
- Educational attainment
- Employment-related activities
- Employment
- Household composition
- Sources of income
- School progress and other child outcomes
- Child care
- Burdens of child care and transportation to work
- Transportation, housing, and clothing expenditures
- Medical insurance
- Hunger issues

The sample of surveyed individuals is drawn from single- and two-parent families that were randomly assigned to a WRP group between October 1994 and June 1995. The survey will be administered between April 1998 and February 1999 and will occur 42 months after random assignment for each family in the sample. Given the prominence of time limits in federal welfare reform legislation and other states' welfare reform initiatives, it is critical to learn as much as possible about what happens after ANFC parents reach the time limit. The planned schedule will allow this assessment of both single-parent and two-parent families.

The survey effort will result in 2,000 completed surveys including 1,250 single-parent surveys and 750 unemployed-parent surveys. The surveys take an average of 40 to 45 minutes each. Most

surveys will be completed via a telephone interview; in-person interviews will be used in those instances in which individuals in the survey sample cannot be reached by phone.

Reach Up Participant Surveys

Reach Up continued to use participant surveys as part of its ongoing review of service delivery by Reach Up case managers. Survey forms are sent to Reach Up participants prior to regular site visits by the Reach Up Program Monitor. Individual information from the completed forms is kept confidential, but a summary of the participants' perceptions of the quality of the Reach Up services they were provided is included in each site's monitoring report. During the past year, the survey was part of 16 different monitoring site visits. The average response rate is 25 percent.

Participants are questioned about the type of services they received, what they perceived as their unmet needs and especially how they were assisted with end of time limits if applicable. In response, participants offered comments on a wide range of issues addressing the program in general, the particular Reach Up services available to them, their relationship with their case manager, and their understanding of and the appropriateness of their Family Development Plan. Participants often praise their case managers for helping them to change and succeed with their plans.

Initial concerns that participants would be reluctant to offer constructive criticism continue to prove groundless; they offer both praise and concerns with frankness and specificity.

The surveys offer the department a unique opportunity to hear directly from the people it serves and to respond to participants' feedback. Staff's sensitivity to the needs of ANFC parents increases, customer service improves, and Reach Up participants reach the goals of their FDP and improve the lives of their children more quickly and effectively.

SECTION 7: DESCRIPTION OF THE CAPACITY OF THE HUMAN SERVICES DELIVERY SYSTEM, BOTH WITHIN AND WITHOUT STATE GOVERNMENT, TO SUSTAIN WELFARE RESTRUCTURING, INCLUDING THE SUPPORT SERVICES REQUIRED BY THIS ACT

To date, the capacity of the human services delivery system, both governmental and nongovernmental, has been sufficient to sustain welfare restructuring. The caseload of ANFC families has declined as those who are most able to move into employment do so. Those who remain on welfare are increasingly difficult to serve, having more significant and greater numbers of obstacles to employment. There is an increasing need for more effective post-employment support for working ANFC parents to improve their success during in transition.

These dynamics are changing the way DSW organizes its own district resources and its relationship with others in the community. The department is now engaged in what it calls Phase 3 of WRP. This is a strategic planning process aimed at restructuring the DSW operations workforce, both at the central and district levels, to bring about more effective in-house services to the "hard to serve"

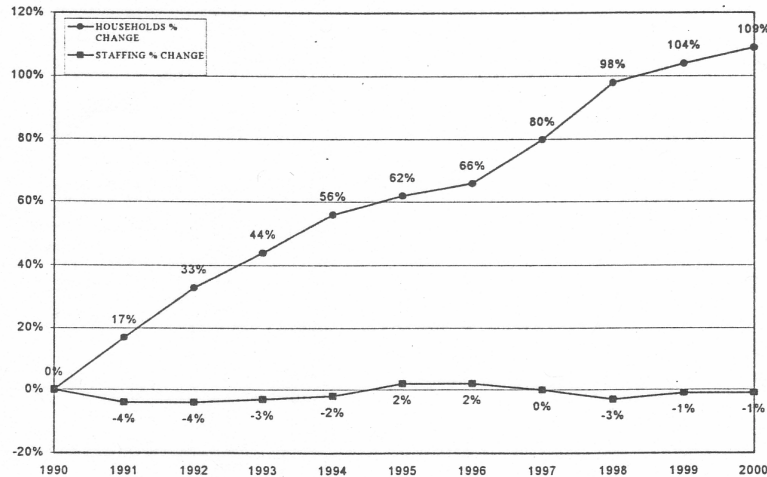
ANFC families and closer coordination with the community to achieve greater success in moving these families from welfare to work.

A basic component of this effort involves the integration of the Reach Up and Family Services divisions into a single operational division. Outcomes and performance targets have been established for each district office. Roles of workers and district office functions are being examined and may change. Externally, DSW district offices, in collaboration with DET district offices, have developed plans to engage the employer community and ANFC parents to enhance employment opportunities. Another component is the department's expanded efforts in the area of public education and information. This has been a neglected area of WRP and it is increasingly clear that to achieve maximum success, the community as a whole must be positively aware of and involved with the department's efforts. Central to this Phase 3 process is the continued progress on changing the culture of welfare for all: the ANFC participants, the department, the employers, and the community at large, from one of ongoing dependency to transitional assistance toward self-sufficiency.

New and key components of the system to sustain and support WRP are the federal Department of Labor Welfare-to-Work (WtW) formula and discretionary grants discussed in Section 1 of this report. These provide considerable new resources to support ANFC parents as they go to work, especially the "hard to serve". A significant number of ANFC parents, perhaps 15 percent, can get a job but have difficulty staying employed. The department is counting on these WtW grant activities that are focused directly at this population to provide a solution to this situation.

It remains that as more parents arrive at ETL, become employed but remain on ANFC, enroll in Reach Up and participate in Community Service Employment (CSE), the demand for supportive services such as transportation and child care will increase. Many of the department's recent and future initiatives and activities discussed earlier in this report are in response to the need to increase the capacity of the human services system and workforce education and training system to support WRP.

DSW Staffing Compared to Total Households Served
 (Total unduplicated count for all DSW programs. Staffing includes only permanent employees, district and central. FY'99 and FY'00 caseloads are estimated)



It is also important to note, as illustrated in the above chart, that the Department of Social Welfare continues to achieve some remarkable administrative efficiencies. For example, the number of households served by DSW increased by 112 percent, from 27,272 to 57,871, between July 1989 and December 1998, while the number of budgeted positions, not all of which are filled, has not increased. During the same period, new initiatives, unstaffed mandates, new tasks, and expanded client services have brought about a net 13 percent reduction in positions assigned to support routine workload. One example of the department's resourcefulness in absorbing additional responsibilities without more staff is its management (through the establishment and continued growth of a centralized Health Access Eligibility Unit in Waterbury) of the workload associated with new VHAP and Dr. Dynasaur participants and growth in the traditional Medicaid caseload.

The department is continually examining how it carries out its responsibilities and searches to identify methods of service provision that are less labor-intensive and, at the same time, responsive to client circumstances. Support of WRP policies and mandates and other department priorities necessitate a shift in organizational resources. The department converted eligibility specialist positions to case manager positions and is looking at new strategies in Phase 3 of WRP planning. In October 1998, the department successfully completed its move toward electronic benefits transfer as the primary payment method for department benefits. These changes position the department to redirect staff to case management for single parents reaching ETL and other WRP activities discussed earlier in this report. The department must also accommodate additional related work, such as processing income changes and instituting monthly reporting for parents who fail without good cause to comply with their WRP work requirements.

Vermont has relatively low administrative expenses for AFDC/TANF, according to statistics compiled by the federal Department of Health and Human Services, even though Vermont is a small state and has state-level fixed costs. In federal fiscal year 1996, the latest year for which

these data are available, Vermont ranked 43rd among U.S. states in administrative expenses as a percentage of total AFDC payments. It has become clear, however, that the limit of these administrative efficiencies, such as those achieved through automation, has been reached. Funding for administrative expenses will need to meet or exceed current levels if the department is to continue to meet its mandated responsibilities.

SECTION 8:
DOCUMENTATION OF PARTICIPANT OUTCOMES, INCLUDING SPECIFIC INFORMATION RELATING TO THE NUMBER OF PERSONS EMPLOYED, BY OCCUPATION, INDUSTRY AND WAGE; THE TYPES OF SUBSIDIZED AND UNSUBSIDIZED JOBS SECURED BY PARTICIPANTS; ANY AVAILABLE INFORMATION ABOUT THE IMPACT OF RESTRUCTURING ON CHILDREN, INCLUDING OBJECTIVE INDICATORS OF IMPROVED CONDITIONS; AND THE NUMBER OF PARTICIPATING FAMILIES INVOLVED IN TRAINING AND EDUCATION PROGRAMS, BY TYPE OF PROGRAM. DIFFERENTIATE PARTICIPANT OUTCOMES ACCORDING TO MEMBERSHIP IN THE CONTROL GROUP AND THE TWO RANDOMLY-SELECTED DEMONSTRATION GROUPS.

Documentation of Participant Outcomes

The Manpower Demonstration Research Corporation (MDRC) is responsible for the evaluation of the Welfare Restructuring Project (WRP). MDRC's reports will cover program impacts on employment, income, family environment, and overall benefits and costs. Analysis of the impact of restructuring on children will be available in the final evaluation report. MDRC's first major evaluation report was published in October 1998 and the second will be available in mid-2002. A brief report on the results of the evaluation survey (see Section 6) will be available in 2000.

Interim Evaluation Report Released

As noted above, MDRC's first major report on the impacts of WRP, titled *Implementation and Early Impacts of Vermont's Welfare Restructuring Project*, was published in October 1998. This report analyzed the implementation of WRP and time limits, and early impacts of the program on single-parent and unemployed-parent (ANFC-UP) families.

The report included the following findings:

- More ANFC parents are working to increase their family's financial resources.
- The work-trigger time limit is significant in generating employment gains.
- The jobs are mostly unsubsidized, reducing the need for state-created community service employment.

- More parents are participating in Reach Up, Vermont's welfare-to-work program.
- All pregnant or parenting minors have case managers, and virtually all reside at home or in approved supervised living arrangements.
- Gains in child support collections are helping families move toward self-sufficiency.
- Changes in staff attitudes and activities associated with welfare restructuring have improved client service.

The following table from MDRC's report illustrates the impact of WRP and WRP incentives for single-parent families. MDRC refers to Group 3 as the WRP Group, Group 2 as the WRP Incentives Only Group and Group 1 as the ANFC Group. The sample includes single parents randomly assigned from July 1994 through June 1995 in the six DSW research districts. The WRP group (Group3) parents, who have a time limit leading to a work requirement, have higher employment rates, greater Reach Up participation, higher earnings, and lower ANFC payments. The WRP Incentives Only Group is Group 2 and the ANFC Group is Group1.

21-Month Impacts of WRP and WRP Incentives for Single-Parent Families				
Outcome	Average Outcome Levels			WRP Vs. ANFC Impacts of Financial Incentives and Eligibility Rules, Combined with Time Limit
	WRP Group	WRP Incentives Only Group	ANFC Group	
<u>Entire follow-up period</u>				
Ever employed (%)	68.0	64.8	63.1	4.9 ***
Ever received ANFC (%)	92.1	91.1	91.1	1.0
Ever participated in Vermont's Reach Up welfare-to-work program (%)	38.4	36.1	34.3	4.1 ***
Total earnings (\$)	6,058	5,703	5,850	207
Total ANFC payments (\$)	6,896	7,114	7,044	-147

Trends in ANFC Caseloads, Benefits, and Earnings

Declining ANFC caseloads in recent months provide grounds for optimism regarding the impacts of Vermont's Welfare Restructuring Project. As the following table shows, the total number of ANFC recipients has declined by 30.6 percent over the past five years. This rate of decline has been even higher for unemployed parent families, at 36.7 percent. These recent caseload declines are attributable to continuing low unemployment rates as well as the early impacts of WRP.

	November 1993	November 1998	Percent Change
Total ANFC Recipients	26,402	18,310	-30.6%
Single Parent/Incapacitated Parent Recipients	22,005	15,526	-29.4%
Unemployed Parent Recipients	4,397	2,784	-36.7%
Percent of ANFC Families with Earnings	20.1%	26.7%	+32.8%
Average Monthly Earnings (for those with earnings)	\$373	\$469	+25.7%
Average Monthly Payment per Recipient (from warrants)	\$188.89	\$176.90	-6.3%

The data in the above table also indicate that the proportion of ANFC families with earnings has increased by 6.6 percentage points over the same period. Some of this is attributable to the fact that a larger number of applicants and existing recipients with earnings are eligible for ANFC under the new rules applicable to Groups 2 and 3.

There have also been modest declines in average benefits paid; they are primarily the result of increased earnings. The average benefit has declined from \$189 in November 1993, eight months before WRP began, to \$177 in November 1998.

Random Assignment of Families

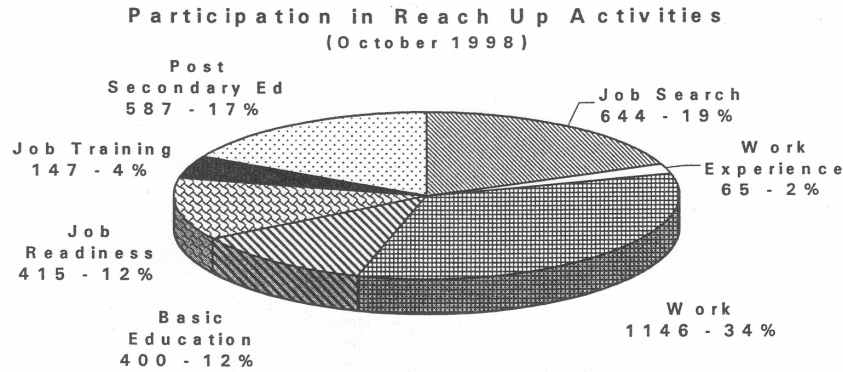
MDRC reports that random assignment of 20,450 ANFC families to WRP groups proceeded smoothly from July 1994 through June 30, 1997. Starting July 1, 1997, all new unassigned applicants are assigned to Group 3, in accordance with legislation enacted in 1997. The following table shows the random assignment groups of families receiving ANFC in November 1998, the latest month for which data are available.

Assignment Status of Families on ANFC in November, 1998	
Group 1 (Control Group)	1103 - 16 percent
Group 2 (Enhancements without time limits)	1193 - 17 percent
Group 3 (Enhancements with time limits)	4554 - 66 percent
TOTAL	6850 - 100 percent

Training, Education and Pre-Employment Activities

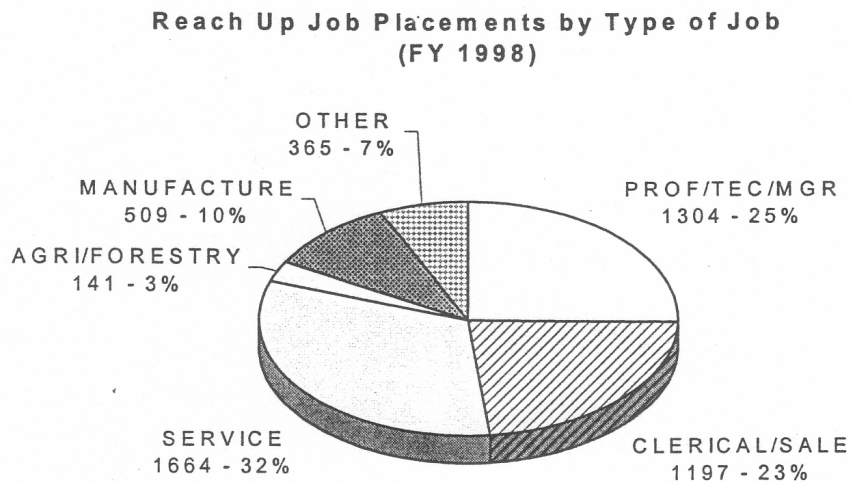
The following chart illustrates Reach Up participants' involvement in education, training, pre-employment, and work activities by type of activity during the month of October 1998. Some

2726 Reach Up participants were involved in a total of 3404 of these activities; some participants were involved in more than one activity during the month.

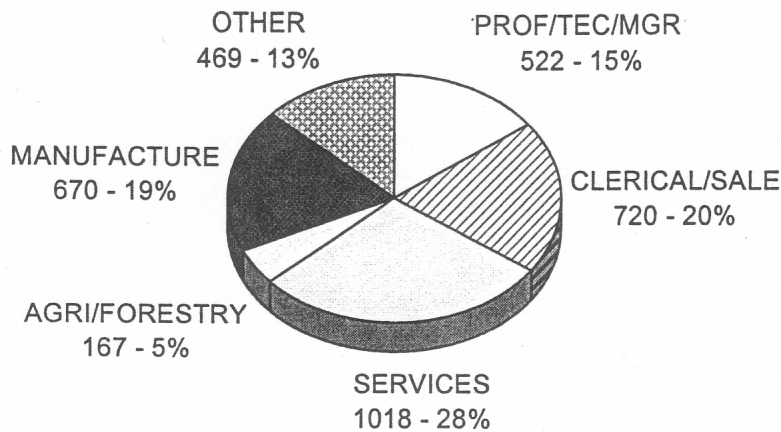


Job Placements

The following charts depict available information regarding the changes in unsubsidized job placements of Reach Up participants between fiscal years 1994 and 1998.



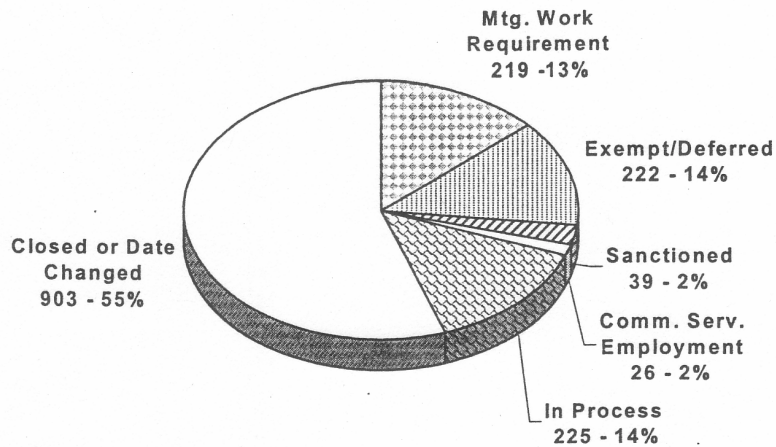
Reach Up Job Placements by Type of Job (FY 1994)



Status of Participants Who Reached End of Time Limits

The chart on the next page illustrates what happens to ANFC parents in Group3 who reach their time limit. The chart presents the current status (as of November 1998) of all parents who reached their time limit during calendar year 1997. Altogether, 1,634 parents were in this group. Of these, most (55 percent) no longer received ANFC benefits or the time limit date changed. This is a positive trend, illustrating the regular circulation of families on and off ANFC and the tendency for many time limit cases to achieve self-sufficiency and leave ANFC.

Of those who remained on ANFC in November 1998, only a few (2 percent) were sanctioned for noncompliance with work requirements. A small number (2 percent) were meeting the work requirements through Community Service Employment (CSE)(see end of this section for more information about CSE). Approximately equal proportions were meeting the work requirement and remained on ANFC (13 percent), were exempt or deferred (14 percent), or were "in process" (14 percent). This "in process" group includes persons in a variety of situations: those who returned to job search after losing employment or ending an exemption; parents who were in a conciliation process that could lead to sanction or return to job search; and those who were seeking a medical or other exemption for which documentation was being sought.

Status of Participants at End of Time Limits in 1997

Community Service Employment (CSE)

Community Service Employment (CSE) is the Reach Up component that provides subsidized jobs to non-exempt Group 3 parents who are not able to find regular, unsubsidized employment by their ETL. When CSE is necessary, the goal continues to be placement in unsubsidized employment and limitation on the time spent in CSE.

As of November 1998, WRP included thirty-six months during which principal earners in two-parent ANFC families reached ETL and twenty-two months in which single parents have done so. Of particular significance is the small number of CSE placements that have been needed for these parents. A total of 267 CSE placements have been used during this entire period (November 1, 1995 through November 18, 1998). These placements involved 215 different individuals, since some have participated in more than one CSE placement. Of this number, 45 were active placements on November 18, 1998. This represents less than ten percent of the projected need for CSE placements at this point in WRP.

CSE placements have been in a variety of settings including: local government, schools, state government, and non-profits such as community action agencies, food organizations, National Guard, Salvation Army, and hospitals and nursing homes. Job duties include clerical, maintenance, office work, human service aide, groundwork, and other service activities.

CSE provides an important link to the working world. Participants, such as the parent who worked for a housing agency in southern Vermont, gain self-confidence and a renewed sense of purpose. This individual, who performed maintenance work, received a uniform that he wore proudly and

that transformed him into a man with a mission who hated to miss work (a minimum-wage position) for any reason.

It is important to recognize that during this time period the employment market has been very strong in Vermont, and that, as a group, principal earners in two-parent families are relatively strongly attached to the labor market; that is, they have recent work histories and experience. This labor market has also been absorbing single parents as well or better than principal earners in two-parent families, another unanticipated but very welcome situation.

SECTION 9:

PROGRESS IN IMPLEMENTING THE PROVISIONS OF THE ACT INCLUDING ANALYSIS OF THE EFFECT OF WELFARE RESTRUCTURING ON STATE AND FEDERAL REVENUES AND EXPENDITURES

Vermont's federal waiver enabling Vermont's Welfare Restructuring Project (WRP) requires periodic analysis of whether WRP is cost neutral with respect to federal costs. Vermont submitted its most recent cost neutrality report in December 1997, which showed substantial net savings to the federal government resulting from WRP. These savings balanced total food stamp benefit savings of \$1,069,102 through June 1997 against total additional AFDC benefit costs of \$619,285 over the same period. This resulted in net federal savings of \$449,817 for these two programs over this period.

As mentioned in the Introduction section of this report, federal welfare reform has altered the relationship of federal and state revenues and expenditures. Vermont is eligible to receive up to \$47,353,181 in TANF block grant funds annually through FFY 2002. TANF funds allocated to a given federal fiscal year but not expended in that year can be expended in a future federal fiscal year (but not later than FFY 2002) when caseload size or other circumstances generate the need for expending these funds. Federal welfare reform also obligates the state to maintain state-funded expenditures at 80 percent of its FFY 94 expenditures (or 75 percent if the state meets TANF work participation requirements).

These provisions have been beneficial to Vermont in the short-term. A higher caseload and related expenditures in FFY 94, the base year for Vermont's TANF block grant allocation, have made more federal TANF funding available in FFYs 97 through 99 than Vermont's general fund expenditures in these years would have generated under the federal financial participation funding scenario (this is also predicted for FFY 00) and have enabled the department to implement welfare-reform-related activities for ANFC parents with employment barriers who reach their end of time limit. In addition, Vermont has set aside TANF funding for that future time when economic conditions have a negative impact on the ANFC caseload. It is extremely unlikely, however, that the TANF funds Vermont has set aside, in combination with any special TANF contingency funds Vermont might receive, will be sufficient to respond to the increased demand for ANFC funding that an economic downturn normally generates.

TANF and Federal Welfare-To-Work Grant Coordination

An important issue in planning and implementing the federal Welfare-to-Work (WtW) grants, discussed in previous sections, is ongoing coordination that ensures the complementary use of TANF and WtW funds. DSW staff continue to work closely with DET, lead agency for the federal WtW formula grant, and will work closely with the federal WtW discretionary grantees. One new mechanism to ensure coordination is DSW's Rural Welfare-to-Work Strategies Project, in which all WtW grantees will participate. Clear mechanisms for referral and intake into WtW services are being built on the basis of existing WRP protocols. Care is taken to ensure that ANFC parents are able to access TANF funds through Reach Up and WtW grant funds in a sequential manner, using each efficiently. Close attention is being paid to ensure that required reporting to federal agencies is accomplished as efficiently as possible. This coordination must be effective to enable the WtW grants to serve ANFC parents well and be manageable by both DET and DSW. The positive and strong working relationships between DET and DSW, between DSW and the Central Vermont Community Action Council, and DSW and Northern Community Investment Corporation (NCIC) and the Northeast Kingdom WIB, in which DSW's Newport Office Director plays a lead role, are key steps in reaching this goal.

Looking to the Future

It must be noted that federal welfare reform may have devastating effects on Vermont's ability to maintain implementation of WRP if the state or country enters an economic downturn and sees increased caseloads, fewer working parents resulting in higher assistance grants, and an increased need for support services. It is critical to continue to reserve a portion of the TANF funds to prepare for this eventual turn of events and preserve the intentions of Act 106.

SECTION 10: SUMMARY OF ALL INTERIM AND FINAL REPORTS SUBMITTED BY INDEPENDENT EVALUATION CONTRACTORS TO AHS

MDRC, the contractor responsible for carrying out the independent evaluation of Vermont's WRP, will submit two major reports:

- **Interim Process and Impact Report** - October 1998. Implementation and Early Impacts of Vermont's Welfare Restructuring Project. This report covers the implementation of WRP and the impact of the program on families assigned in the first year from July 1994 through June 1995. The impact analysis covers up to 33 months of follow-up activities for these families and provides an early look at how the program is affecting welfare receipt and employment patterns. This report also includes an analysis of the eligibility specialist staff and Reach Up case managers surveys that were conducted during 1996. See Section 8 for additional information about this report.
- **Final Process, Impact and Benefit-Cost Report** - mid-2002. This report will cover approximately 54 months of earnings and welfare payment follow-up for the entire evaluation group.

MDRC has also agreed to submit an additional interim report - "Talking Tables" in mid-2000. This brief memo will include results of the 42-month client survey and an update on basic impacts on ANFC, food stamp, and earnings/employment.

In the interim MDRC submitted the following reports during this report period. Copies of these reports are available upon request.

- **Quarterly Status Reports** - These report on MDRC's progress in the tasks identified in the WRP project management plan:

Overall Status of Evaluation: The WRP evaluation continues on schedule. MDRC submitted the draft interim report to DSW for review and finalized it in October 1998. MDRC presented findings of the report at DSW's annual staff conference in June 1998 and at the Welfare Reform Advisory Group meeting in October 1998.

42-Month Client Survey: See Section 6 for additional information about the client survey. MDRC reported that the contract was awarded to Macro International, Inc. MDRC worked with the state on topics, specific constructs and measures for the survey. Pretests were done in March 1998 and fielding began in April 1998 with monitoring by MDRC. MDRC reported that the first cohort response rate was slightly below the target and is working with Macro to reach the targets.

Field Research: In October 1998 MDRC visited the six research sites. One focus of the visit was the implementation of end-of-time limits (ETL) process for both single and two-parent cases. MDRC reviewed 60 single parent and 30 two-parent cases during these visits and met with Reach Up staff, DSW managers and DET staff.

Administrative Records Data Exchange: MDRC continued to compile administrative data from ANFC, Community Service Employment (CSE), Unemployment Insurance, food stamps, and child support files. MDRC reprocessed ANFC extracts to obtain complete information on direct payment of child support for the impact analysis. DSW continues to send files with monthly Reach Up participation data.

Cost-Benefit Study: Program cost data are being collected, drawing from child care data, fiscal records and other sources. In 2001, cost data will be combined with data from the impact analysis to create the benefit-cost analysis.

Revised Management Plan: DSW accepted the revised plan and MDRC submitted a new budget. MDRC requests modification of the contract to reflect tasks added including the DHHS grant (see Section 6), expansion of the 42-month survey, and 2000 "Talking Tables" report. MDRC also requests reevaluation of the CSE worksite survey schedule.

The following reports were issued in previous years.

- **The Cross-State Study of Time-Limited Welfare - *The View from the Field: As Time Limits Approach, Welfare Recipients and Staff Talk About Their Attitudes and Expectations.*** October 1997. This is the second report in MDRC's Cross-State Study of Time-Limited Welfare. See Section 10 of the Fourth Annual Report (January 15, 1998) for a summary of this report.
- **The Cross-State Study of Time-Limited Welfare - *Implementing Time-Limited Welfare: Early Experiences in Three States.*** November 1995. This report looks at the experiences of Vermont, Florida, and Wisconsin, and while it is not part of Vermont's evaluation contract, it does provide some early information about Vermont's WRP.
- **Design and Workplan for Evaluating Vermont's Welfare Restructuring Project** - February 1995. This report includes a written evaluation plan, including research questions, data requirements, and decision rules for random assignment.
- **Client Telephone Survey** - February 1995. See Section 6 of the Second Annual Report (January 16, 1996) for a summary of this report.